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TUESDAY

- **Two more sessions for this year market's efforts**
- **Vietnam economic review 2015: Headwinds and Tailwinds**

Two more sessions for this year market's efforts

Financial stocks rallied. After merely one negative week, financial stocks rallied positively, focusing on banking, brokerage, insurance stocks, such as: VCB, BID, CTG, STB, BVH, SSI, HCM,… Those stocks' movement also made other large capital stocks' sentiment better, typically: VIC, FPT,… As a consequence, VNIndex closed at a higher level, at 576.29 points (+1.12%) and market breadth also improved. Similarly, HNIndex surged 1% to 78.61 points.

Foreign and local investors' psychology was better. On the positive way of yesterday session, they continued trading more optimistically than overall sentiment of this month. Specifically, order-matching volume remained around 100 million shares. Simultaneously, foreigners remained accumulating stocks modestly. Although foreigners had net-selling position at VND185.8 billion in HSX but this value was biased to selling value of MSN (foreigners' net sold value at MSN was VND 221.1 billion). Therefore, if excluding this extraordinary value, foreigners still kept their net-buying position of VND 35.4 billion in HSX and VND 25 billion in HNX.

VNIndex broke over the 575 threshold and faced resistance level of 580. Therefore, VNIndex is expected to face more pressure and volatility in the two remaining sessions of this year. However, with current improvement in market sentiment, we hold our comment that VNIndex would close around 575-580 in 2015, meaning VNIndex's return higher than banking interest rate. Simultaneously, we expected new trend of this index would be established in early 2016.

"Two more sessions for this year market's efforts"

Vietnam economic review 2015: Headwinds and Tailwinds

Vietnam economy has spent a smooth year in 2015. Looking back the whole year, the economic activities have been widened thanks to the improvement of consumption and industrial segment. However, trade balance, exchange rate and interest rate... have been the remaining issues. The main keys of Vietnam economy in 2015 will be discussed below.

Consumption is the leading indicator for optimistic economic growth

In 2015, GDP recorded a positive growth of 6.68% - the highest in the last 5 years. In particular, domestic consumption has been seen as the main growth driver with the highest contribution, corresponding to 9.64 bps to GDP growth. According to GSO, retail sales and industrial consumption recorded a positive growth, with an increase 12.6% and 9.5% yoy, respectively. This result comes about by the low inflation (under 1%) in compline with stable commodity prices which push total demand. Besides, the optimism of domestic consumers has supported for retail sales this year.

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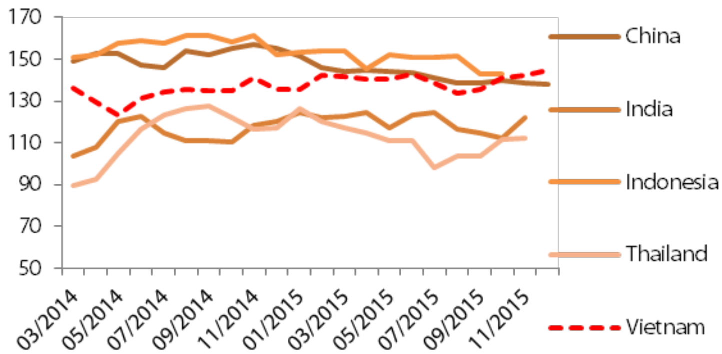
Figure 1: Vietnam consumer confidence



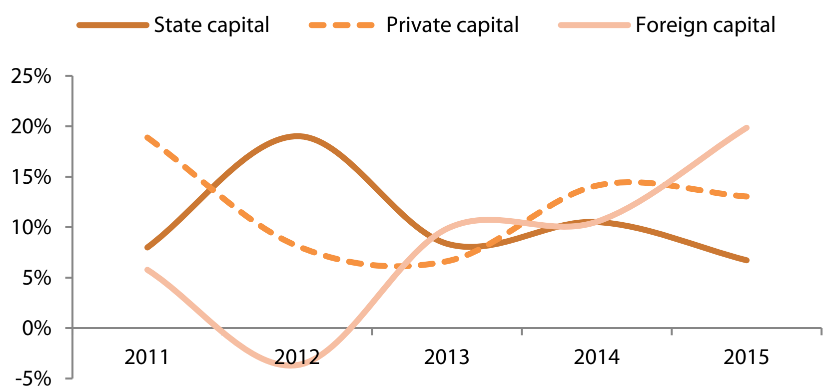
Source: ANZ, RongViet Research

Investment activity: the private sector improved, FDI sector jumped in Q4/2015

In 2015, total investment reached VND 1,367.2 trillion, up 12% as compared to the same period last year. In particular, the main point of investment activity came from the improvement in both private and FDI sector, with an increase of 13% and 19.9% yoy, respectively. In terms of FDI, after having a marginal increase in the first half of 2015, investment capital from FDI sector began to rise and experienced a jump in Q42015 with a growth of 42.9% yoy. This trend might come from Vietnam has joined many the free trade agreements in 2015 including FTA Vietnam – EU, FTA Vietnam – Korea and TPP.

Registered FDI also rose as the same time with a growth of 12.5% yoy, focusing on manufacturing and processing sector (accounting for 67%). In particular, Korea is the biggest investor with USD2.7 billion of registered capital in Vietnam.

Figure 2: Investment capital movement



Source: GSO, RongViet Research

State budget revenue achieved better result than forecast

As mentioned so many times, state budget revenue in 2015 has been more positive than expected, reaching VND 884.8 trillion, an increase of 9% over the same period. A major contribution to this growth came from the domestic fees and charges. In particular, revenues from environmental taxes, land use fees,… overweighed the estimates of 30-80%.

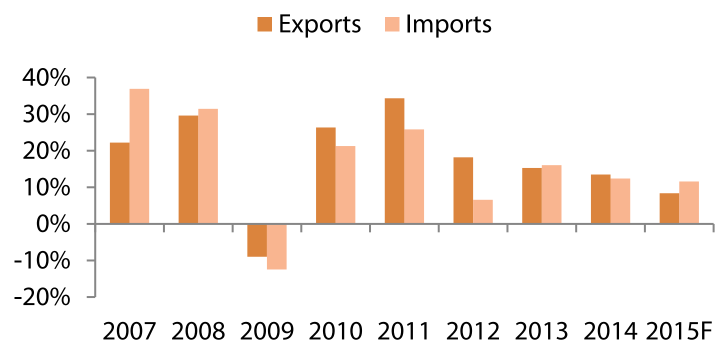
In contrast, budget expenditure maintained at high growth rates, achieved 10% yoy. Notably, debt payments and grants increased by 24%. As of 15/12/2015, the state budget deficit accumulated to VND 179,700 billion and equivalent to 80% of the estimates. With recent developments, it seems that the policy makers might take measures in order to control the budget deficit.

The decline in trade growth due to the headwinds from global trade

Export grew 8.1% yoy, reaching USD162.4 billion - the lowest increase since 2009. FDI sector remained at the major contribution for export growth. Meanwhile, domestic sector saw a significant decline this year. The low commodity prices as well as the unexpected recovery of global economies caused a negative impact on Vietnam trade.

In terms of import, FDI and domestic sectors recorded the strong growth rate. However, the trade balance gradually rebalanced in the second half of 2015 with a slight surplus in Q42015. Therefore, the economy recorded a USD3.2 billion trade deficit in 2015.

Figure 3: Export – Import growth

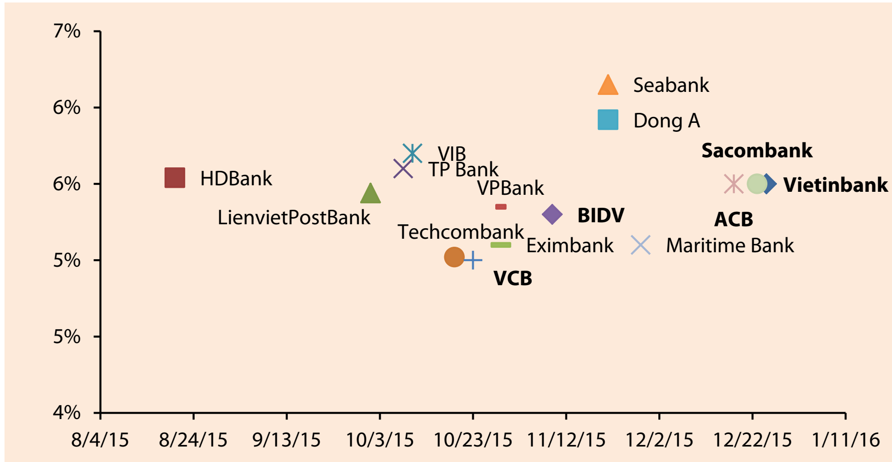


Source: GSO, RongViet Research

Interest & Exchange rate: Uncertainty remains

In 2015, the interest rate has continued to decline thanks to low inflation and ample bank liquidity. Thus, borrowing activities of the enterprise became more robust, credit growth is estimated at high level, around 18%. The flow of capital promotes to areas in line with the economy development such as agriculture, industry and consumers. However, the M2 growth rate is estimated at only 14% increase this year. Along with the VND devaluation pressure, capital demand and supply was imbalance during this year, triggering the wave of interest rate increase in the banking system in the last quarter of 2015.

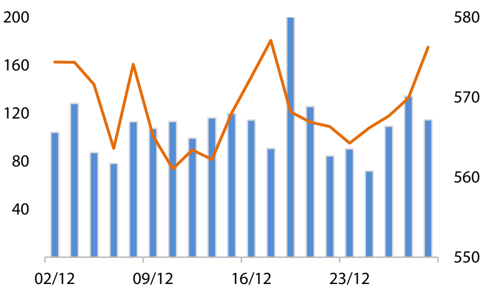
Figure 4: Increasing deposit rate in late 2015



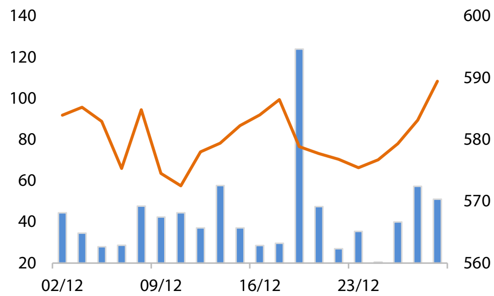
Source: RongViet Research

Regarding to exchange rate, the SBV has tried by various measures (administrative and technical) to keep its commitments. For the whole of 2015, VND has depreciated by 5.2%. Under the context of divergence monetary policies in the global, the SBV is considering to shift to a more flexible exchange rate regime next year.

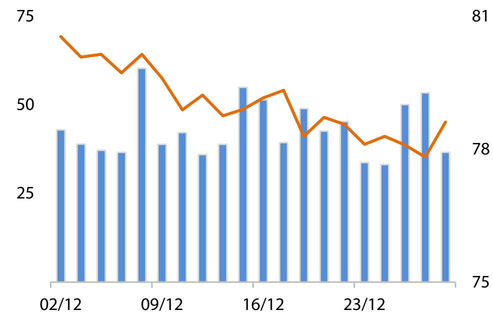
VNINDEX 1.12% **576.29**



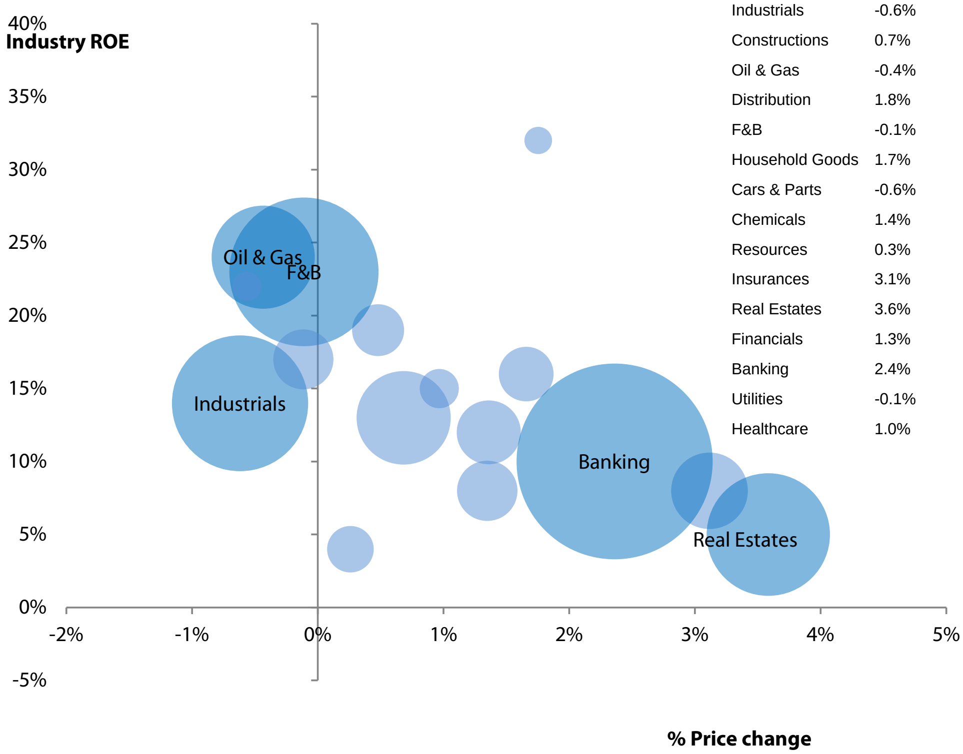
VN30 1.08% **589.43**



HNXINDEX 1.02% **78.61**

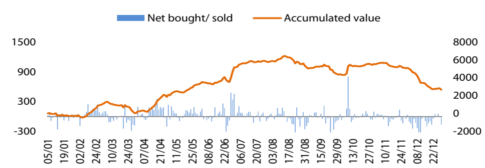


Industry Movement

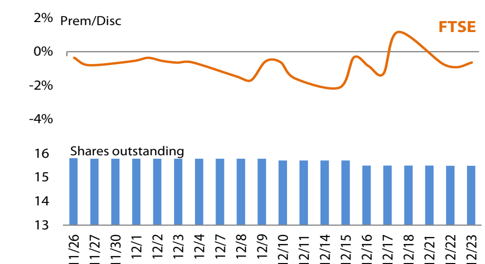


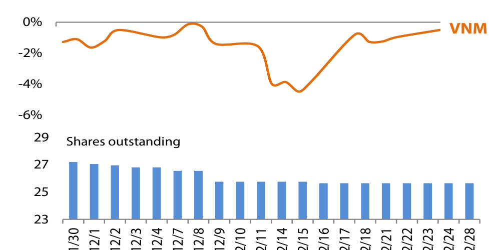
Industry	% change
Technologies	0.5%
Industrials	-0.6%
Constructions	0.7%
Oil & Gas	-0.4%
Distribution	1.8%
F&B	-0.1%
Household Goods	1.7%
Cars & Parts	-0.6%
Chemicals	1.4%
Resources	0.3%
Insurances	3.1%
Real Estates	3.6%
Financials	1.3%
Banking	2.4%
Utilities	-0.1%
Healthcare	1.0%

Foreign Investors Trading

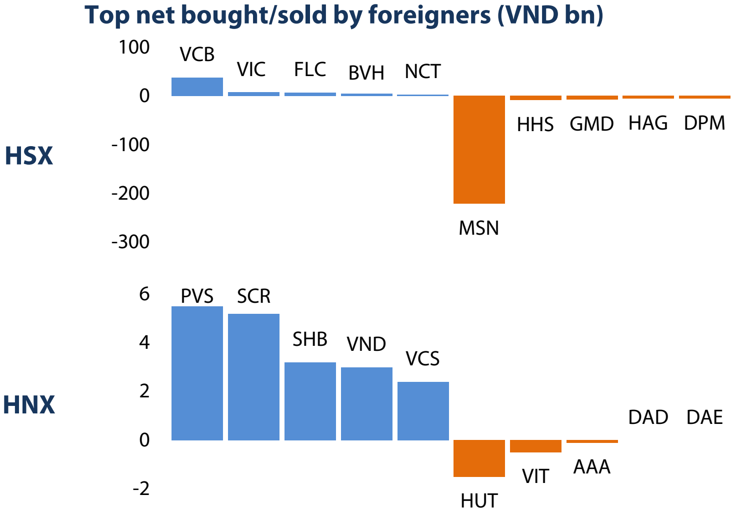


ETF





Top net bought/sold by foreigners (VND bn)



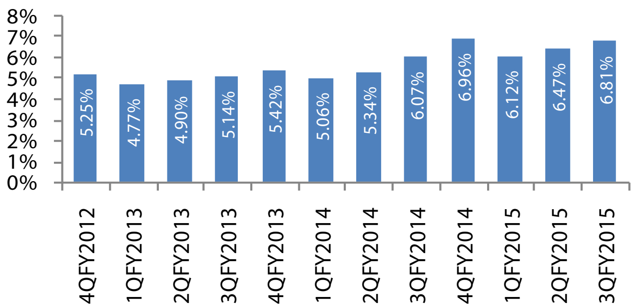
Top Active

Ticker	Price	Volume	% price change
FLC	8.0	7.25	2.6%
HAG	10.7	6.56	0.9%
OGC	4.4	5.87	4.8%
HHS	11.9	4.50	-3.3%
HQC	5.3	4.02	0.0%

Ticker	Price	Volume	% price change
SCR	8.7	6.12	4.8%
TIG	11.2	3.24	1.8%
SHB	6.1	1.95	0.0%
PVX	3.1	1.24	0.0%
VND	11.9	1.20	5.3%

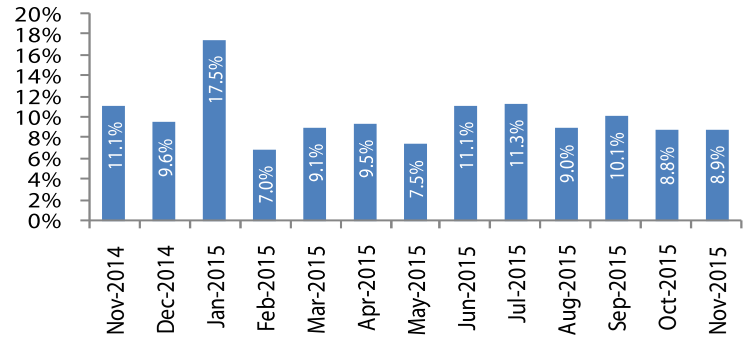
MACRO WATCH

Graph 1: GDP Growth



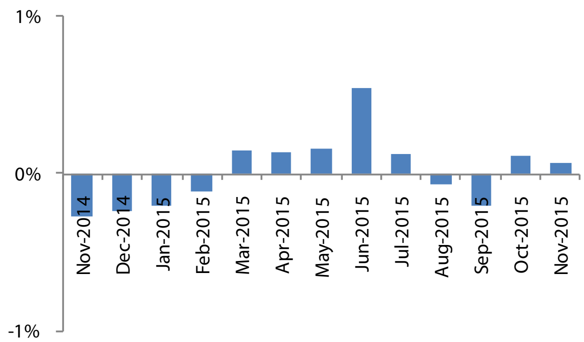
Sources: GSO. Rongviet Securities database
(*) Comparision price in 1994

Graph 2: IIP



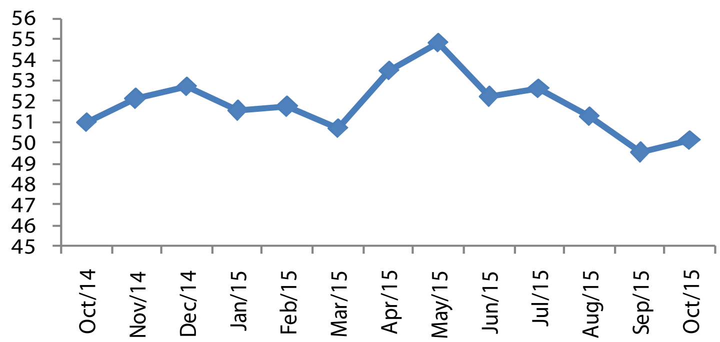
Sources: GSO. Rongviet Securities database

Graph 3: Monthly CPI



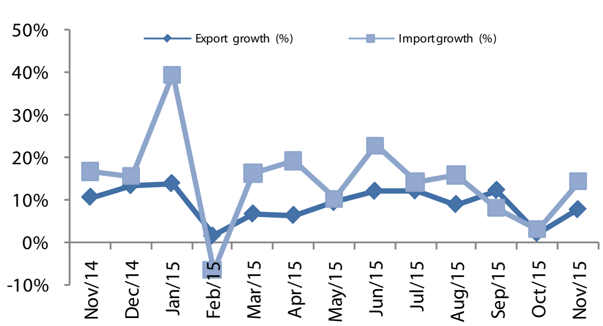
Sources: GSO. Rongviet Securities database

Graph 4: HSBC - PMI



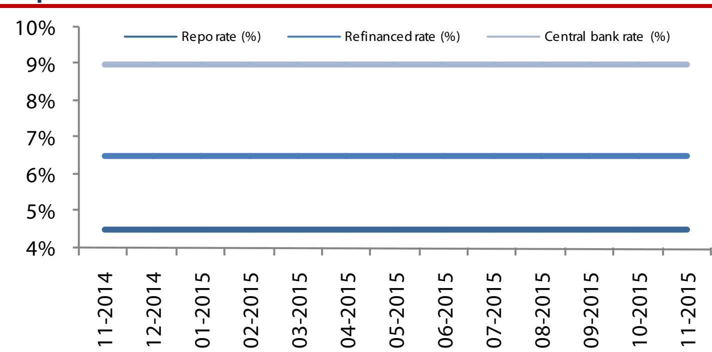
Sources: GSO. Rongviet Securities database

Graph 5: Trade Growth



Sources: GSO. Rongviet Securities database

Graph 6: Interest



Sources: SBV. Rongviet Securities database

RONG VIET NEWS

COMPANY REPORTS	Issued Date	Recommend	Target Price
ELC- A new growth cycle	December 3rd , 2015	Buy – Long term	33,000
PPC- Positive core business	December 2nd, 2015	Neutral –Long term	21,100
DRC - Expecting on replacement segment	November 13th, 2015	Accumulate – Long term	52,000
NKG - Capital ravels to be untangled	November 6th, 2015	Neutral – Intermediate term	17,400
DMC- Restructuring sparks positive changes	October 30th, 2015	Accumulate – Intermediate term	49,000

Please find more information at http://www.vdsc.com.vn/en/companyReport.rv?categoryId=302

FUND CERTIFICATION INFORMATION

Fund name	Trading Day	Subscription Fee (% of trading value)	Redemption Fee (% of trading value)	NAV per unit at valuation date	NAV per unit last valuation date	Change in NAV
VF1	17/12/2015	0.2% - 1%	0.5%-1.5%	23,829	23,685	0.61%
VF4	17/12/2015	0.2% - 1%	0%-1.5%	10,840	10,763	0.72%
VFA	17/12/2015	0.2% - 1%	0%-1.5%	7,230	7,173	0.8%
VFB	17/12/2015	0.3% - 0.6%	0%-1%	12,611	12,611	0%
ENF	11/12/2015	0% - 3%	0%	11,938	12,029	-0.76%
MBVF	10/12/2015	1%	0%-1%	10,883	10,839	0.41%
MBBF	09/12/2015	0%-0.5%	0%-1%	12,523	12,507	0.13%
VF1	17/12/2015	0.2% - 1%	0.5%-1.5%	23,829	23,685	0.61%
VF4	17/12/2015	0.2% - 1%	0%-1.5%	10,840	10,763	0.72%

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